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Atari Online News, Etc.
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->From the Editor's Keyboard
"*****"

"Saying it like it is!"

This week, we welcome back T.J. Andrews and his "Keeper of the Flame" column. As TJ explains, there were good reasons why we haven't seen him for awhile. It's great to have him back within the pages of A-ONE again!

Before I forget, Delphi users just learned that there will be some major changes to the system, especially if you are a DelphiPlus member. While I'll be relaying the details in next week's issue, a significant change to happen over the next couple of months is the change to Delphi's domain name. Instead of delphi.com, it will be delphiforums.com. So, any e-mail addresses or web sites pertaining to a current Delphi site must be updated to reflect the new domain name. The Delphi pages for A-ONE and the Atari Advantage Forum urls have been updated in our masthead above. Please make the corrections in your address books and bookmarks!

I came across a couple of articles this week that were similar in nature, pertaining to the growing trend of a number of dot-com services, etc. starting to charge for something that, up to now, had been free. There are a number of factors for this growing trend, but I'd imagine that a large portion is due to the continued downhill slide of the dot-com world. What is not surprising, as these studies show, is that users are not succumbing to spending the money to continue to use these services. In fact, the majority of affected users are simply going elsewhere and finding comparable or better services, and still getting them for free.

Does that surprise you? It certainly doesn't me! Users already pay a good amount of money for internet service - their ISP and whatever. Do people really think that the users are going to pay for content when there are many other sites offering it for free? Let's get real here, folks!

Want to know what I feel is the root cause for so many dot-coms going down the tubes? Well, I'll tell you anyway! Greed. The internet became a huge fad overnight. It also became an incredible money-maker. Millionaires, even billionaires, were created instantly. I'm not talking about longtime businessmen making it big, but 18- and 19-year olds with some good ideas that blossomed on the web quickly. More and more people got "the bug" and tried the same. The internet exploded with popularity and money was rolling in by the truckloads to these new internet entrepreneurs. And many went from rags, to riches, back to rags.

And now the ones closing in on the brink of disaster are looking to make the end user pay. And some are looking to gain more wealth by doing the same. Forget it. Users aren't stupid, at least most of them. I have little sympathy for these dot-com companies. Don't expect me to pay for something

that you were giving away for free, especially without doing anything to improve upon what you were giving away.

You'll find these two studies elsewhere in this week's issue. Although not overly surprising, the news is interesting. I'd like to hear what you think about it.

Otherwise, it's been fairly uneventful this week. Not a lot of news out of COMDEX yet. But, it appears that due to the recent events throughout the world, the show is smaller than usual. When I come across some interesting reports, I'll bring them to you.

The holiday season is rapidly approaching. The trees around here are almost devoid of leaves. I figure I have one more pass to make around the yard to complete the cycle of cleaning them all up! I think I've cleaned the yard up three times already; I'm hoping that this weekend will be the end of it. Then I can get the new snowblower ready for the inevitable!

I hope that everyone has a terrific Thanksgiving next week. We'll be going to my in-laws this year, so no leftovers for me this year! That's going to hurt! I think I may just buy a small turkey in the next couple of weeks just so I can have those leftovers!

Until next time...

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PEOPLE ARE TALKING
compiled by Joe Mirando
joe@atarinews.org

Hidi ho friends and neighbors. Well, my ISPs' news servers are back up and running now.

Wouldn't you just know it?.... Both news servers went back online within an hour of me turning in last week's "column". Sometimes that's just the way it goes.

The difficulties with my new job are levelling off now, and things are coming along nicely. It's still a lot of work, but I'm getting more accustomed to it.

Y'know, it's been a while since I mentioned SETI@Home, hasn't it? Well, TEAM ATARI has so far contributed almost 59 years of CPU time to the search for extraterrestrial intelligence, searching for intelligent signals in over 37 thousand units of data. And there are only 49 of us participating. 49 Atari users, that is. The entire SETI@Home project is composed of 3.3 million computer users.

If you are interested in the possibility of helping to look for "ET", go to http://iosef.ssl.berkeley.edu/cgi-bin/cgi?cmd=team_lookup&name=Team+Atari and take a look at the TEAM ATARI stats. After that, swing by <http://setiathome.ssl.berkeley.edu/> and see how easy it is to join up

and have your computer start searching the skies. C'mon, ET is waiting!
<grin>

Well, let's get to the news, hints, tips, and info from the UseNet.

From the comp.sys.atari.st NewsGroup
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Martin Tarenskeen posts this about a program whose name is the same as one of my computer "handles":

"I downloaded the new Porthos v1.25 update on <http://www.dsd.net> and gave this PDF viewer a second try. The previous version wouldn't start on my MiNT/N.AES Falcon.

This one does. That's better! But I can't load the manual.pdf file: It starts loading but crashes with a BUS ERROR before I can see and read it. Then I tried loading and reading some very small readme.pdf files I had somewhere. More success here. It loads faster than with Ghostscript/GEMGS but the fonts don't look just as good. Does not surprise me: for ghostscript a big folder with many fonts is installed, whereas porthos only has a font folder with a small number of fonts. Bigger and more serious pdf files won't load on my 14 MB Falcon030 (yet?).

Please try 1.25 on your system and react in this newsgroup and to Porthos' author"

Jorgen Nyberg tells Martin:

"A little tip that sometimes help with troublesome pdf-files. Try drag'n'drop, sounds strange, but sometimes that helps."

Peter West adds:

"Yes, and also try it with the minimum number of AUTO folder and START folder programs. I found my crashing was due to DOCK.APP in my START folder - removing it cured the crashes.

I also found that in mono resolutions 5 of the icons were the same! They are different in 16-colour and up. The author is aware of it and hopes to have a fix for this soon."

Derryck Croker adds his thoughts:

"I can't see any reason why Porthos cannot have an option to use fonts stored on another partition, the current situation is more than a little silly.

I've copied aliases of my PS fonts into Porthos' font folder, but it hasn't really brought any benefits to the few PDF files that I've been able to try.

Summary, it still needs some work!"

Edward Baiz adds some more:

"This version acts much the same on my Hades as did the last version. The author stated that 1.25 will now run under N.AES, but I had already gotten 1.0 to run under N.AES/Mint/MintNet. The manual.pdf gave me the same results. It loads and runs under Magic, but under Mint/MintNet I loads up in color, so it looks like a setup problem on my part which I am looking into. Small PDF files fun fine. I loaded in a 1.2meg PDF that had graphics and it loaded fine. I then chose a 9meg pdf with graphics. The first page loaded in fine, but when I chose another page, it comes up for about 1-2 seconds and then I get a runtime error and am returned to the desktop. I have 250meg in my Hades, so it does not look like a memory problem.

I downloaded a book in pdf form (about 900k). It loads just fine, but it looks like the graphics do not show up. The print shows up and sometimes that big gaps and I assume they are for the graphics. I found out if you try to go to the next page before the present page loads, the program hangs, but does not crash the computer.

Has anyone gotten the Thumbnail option to work? I see from looking at the manual that you can display the thumbnails, but I cannot seem to get them to show. It would help if we had an English manual.

Has anyone exported any images? I have the demo to Papillon. Pressing the Shift key and holding down a mouse key brings up a box with options one being to export images. It then looks for the Papillon program. When I click on the Papillon program, it loads, but nothing else happens. I guess this happens because of the fact that it is a demo.

I am still satisfied with the program. Most of the PDF's work fine. It is the because of the much bigger PDF's, that Porthos needs an adjustment."

Hugh Falk asks about running his favorite game on an emulator:

"Has anybody been able to get Epyx's Rogue to run under an emulator? I can't.

I have an original Rogue disk . However, I'm trying to use a disk image I found on the net. The game seems to run fine, but after a couple of levels you will always die and instead of your name on the tombstone it will say "Pirate, scum of the earth."

The problem is that the ST disk SEEMS easy to copy...and the game runs. But the game recognizes that the disk is not an original and kills you and calls you a pirate.

I'd like to solve this in 1 of 2 ways:

1) Ideally I want an image of Rogue that works properly with emulators. Then I can just play it under Winston or Steem. Could somebody point me to one?

2) Optionally I can use my original ST Rogue disk with an emulator. However, neither Winston nor Steem seem to support this. I remember

Pacifist supporting this, but I can no longer get Pacifist to work under Window Me. Is there another Windows Me compatible emulator out there that can read ST disks from the PC drive? Does this feature even work right in Pacifist?"

Edward Baiz tells Hugh:

"I have found that Rogue likes to run under Regular TOS, so try setting your emulator to that. Under anything about regular TOS, Rogue runs, but with problems."

Ken Kosut asks for help with MagiC and XBoot:

"I recently installed Magic 6.01

I have a set that boots Magic and NVDI.
When Magic boots, it goes through a reset, then comes back into XBoot. But at this point, I am unable to use the mouse in Xboot. I let it go (till the bar disappears) then it boots Magic and NVDI and I see the desktop with the icons I have assigned.
Why does Magic go through a reset?

I also cannot seem to assign a program to boot in Xboot.
Seems like I have to wait for the desktop, then go to the program that I want to use manually. Is there a work around for this?"

Lyndon Amsdon tells Ken:

"This is fine if you run different MAGic setups, but this is not the way to do it as MAGic installs itself, so you can not select to go to a TOS or Mint setup, or even Linux for that matter. The booter should be the first thing to load, well, just after the hard disk driver."

Fred Horvat tells Ken:

"My understanding of the reset is to remove TOS from RAM and to load MagiC, which is the reason for the 2 boots."

Paul Williamson adds:

"I have overcome this problem with the use of an AUTOEXEC.BAT file in the Auto folder. The problem is that I can't remember the details of how I did it - someone better informed than me told me at the time. I think I have simply listed the PRGs I want loaded (which does not include XBOOT) and MagiC reads this file. I have XBOOT as the second programme in my Auto folder, before MAGXBOOT.

I can select a set in XBOOT which will load MagiC and then it loads without going into XBOOT again, so it can be done."

Well folks, that's all I've got for this time around. Tune in again next week, same time, same station, and be ready to listen to what they are saying when...

PEOPLE ARE TALKING

Keeper of the Flame
by Thomas J. Andrews
tj@atarinews.org

I'm back. I'll bet a number of you thought I was gone for good. I suppose I can't blame you. When last I wrote I had just started using a Windows PC. Like many before me, I swore that I wasn't giving up my Atari equipment. Then, I disappeared. You nodded knowingly, then shook your heads. You'd seen it all before, you thought.

Well, if you did think that way, you were wrong. My absence was precipitated by a life-and-death surgical situation with my father. Assisting with his care during recovery and keeping up with my work as a farmer took its toll, and something had to give. This column, along with several other things I do in my spare time, had to be put on hold for a while.

But, that was before. The growing season in my part of the world is over for this year, and that frees up a significant block of my time. Dad is still recovering, but is much better than he was a few months ago. I still have several things I need to catch up, but I now feel I can spare the time necessary to prepare this column in the way it deserves.

Oh, and for the record, my original Atari 800 is still set up and functional, as is my Mega STE. In fact, I'm typing this on the Mega STE now. But enough of that. I have a great deal of work ahead of me to get back up to speed on the latest 8-bit news, but in the meantime here is the web site of the month:

Atari Archives
<http://www.atariarchives.org>

Kevin Savetz is at it again! You may remember Kevin from my first A-ONE article in which I showcased atarimagazines.com, where work is in progress to archive the contents of Antic and other Atari-related national magazines of the past. Atari Archives is dedicated to saving other Atari 8-bit publications from disappearing altogether.

So far, the archives contain these treasures:

The complete text of Mapping The Atari, by Ian Chadwick. This book was absolutely essential to anyone serious about programming the Atari 8-bit. There were tips, tricks, and information in this book you just couldn't find anywhere else, or if you could, it wasn't nearly as concise and well laid-out. My own dog-eared copy was never far from my fingertips.

The complete text of Atari Graphics and Arcade Design, by Jeffery Stanton with Dan Pinal. This book was nearly as essential to the game programmer as Mapping The Atari. The mysteries of player/missile graphics, vertical blank interrupts, display lists, and other aspects that made the 8-bit such a fine game machine are fully explained so even the novice can understand. Other programmers can benefit, too, because the characteristics that made the Atari 8-bit a good game machine also made it one of the best in its class for more serious applications.

Disk newsletters from the Ol' Hackers Atari User Group (OHAUG). This section is near and dear to my heart, as I had a part in creating the software for this unique disk-based newsletter. Newsletters from July/August 1990 to the final issue of October/November/December 2000 are archived here, ready for download in either ATR or DCM format. Each newsletter contains a President's Message/Editorial (Alex Pignato held both positions of President and Newsletter Editor for many years), meeting minutes from the meetings since the last newsletter, reports on the contents of exchange newsletters, and articles of general interest. Each disk had at least one featured BASIC program that could be run directly from the newsletter program by just pressing the space bar, and usually had several others as well. For those who want to remember the way things were at Atari user group meetings, the minutes alone are worth the download.

The Official Cleveland Free-Net Atari SIG Archive. The Cleveland Free-Net was one of the oldest Atari presences on the Internet, back in the days before the World Wide Web and graphic browsers, when the Internet was the domain of universities and the military. The Free-Net was a telnet site, open to anyone with an Internet connection. Through it you could access the Usenet newsgroup comp.sys.atari.8-bit, as well as a bulletin board-like forum of its own. The Atari SIG contained information on both the 8- and 16-bit Atari computers. The Free-Net lasted a long time, but the combination of Y2K non-compliance and interest in the Web finally drew enough people away so that it closed September 30, 1999. All of the information contained in the Atari SIG is archived here, ready for download by those who want to see what the Internet was originally meant to be like.

The Atari Program Exchange Archive. APX was unique among home computers. Programmers would submit programs to Atari and those worthy would be sold by Atari, with a royalty going to the programmer. Excellent programs came from the Exchange, many that would have been good enough for commercial production. APX ended sometime before the Tramiels took over Atari, and many of the programs drifted off into obscurity. Kevin is attempting to contact the authors of these programs and put them here in the archive for download. Several of the old favorites are here already, like Getaway! and Snark Hunt.

There are also some development manuals and presentations, as well as several of Carolyn Hoglin's articles on AtariWriter. Coming soon is Compute's First Book of Atari Graphics, and I'm sure there are other projects in the works.

There seems to be no end to Kevin's effort to save Atari 8-bit publications from disappearing forever. Please visit his sites and visit them often. Devotion like his needs to be recognized and acknowledged. Be sure to let him know his work is appreciated. He is Keeping a Flame of his own.

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TJ
Keeper of the Flame
&
Atari Computer Enthusiast of Syracuse

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->In This Week's Gaming Section - Xbox Debuts!   GameCube Next!  
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                                Let The Game Wars Begin!  
                                Dark Summit!  
                                And more!
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->A-ONE's Game Console Industry News - The Latest Gaming News!
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THQ Ships "Dark Summit" for Xbox and PlayStation 2

THQ Inc. announced the release of ``Dark Summit", the first ever mission-based snowboarding game.

Dark Summit ships today as a launch title for the Xbox videogame system from Microsoft and is scheduled to release for the PlayStation 2 computer entertainment system on Nov. 27.

“As a day and date launch title for Xbox and a top-quality release for the PlayStation 2, ‘Dark Summit’ is an original THQ title that showcases the power of both systems,” said Alison Locke, Executive Vice President, North American Publishing, THQ. “‘Dark Summit’ features groundbreaking game design that truly expands the genre and delivers a fresh take on what’s expected from the sport of snowboarding.”

"Dark Summit" immerses players in a completely unique experience as the first action-adventure snowboarding game to feature an in-depth story line and a series of mission-based objectives. As the game's main character Naya, a rebellious female snowboarder, players will encounter a variety of diverse challenges such as escaping an angry ski patrol, collecting items and performing death-defying, high-flying maneuvers. With more than 45 challenges on massively sized runs, players must earn points to reach the top of the summit, which has been mysteriously closed by the military. It will take every ounce of strategy and skill to defeat the crafty Chief O'Leary, who will stop at nothing to protect Mt. Garrick's secret.

Developed by Radical Entertainment, Ltd., "Dark Summit" takes place on Mt. Garrick, a once quiet and peaceful ski resort where snowboarders have never felt welcome. Chief O'Leary has led the charge against boarders by closing the summit and is trying desperately to drive them off the mountain altogether. Gamers will shred and jib their way through this military conspiracy on several massive runs. As Naya, players will work to earn lift and equipment points to unlock restricted areas of the mountain in order to discover the true secret behind "Dark Summit." The game will also be available for Nintendo GameCube in the first quarter of 2002.

## The Video Game War Grows

With \$1 billion on the table, and uncertainty growing about consumer

spending this holiday season, the race to market Microsoft's Xbox, Sony's PlayStation 2 and Nintendo's GameCube consoles is more than just fun and video games.

From television and magazine ads to showcasing gimmicks of fans willing to eat worms for a new video-game console, Microsoft Corp., Nintendo Corp. and Sony Corp. have embarked on an expensive triple-play of marketing might, hoping to score high in the \$20 billion-a-year gaming industry.

The lion's share of the promotional loot will pour from the pockets of Microsoft, the rookie in the gaming world, which has earmarked \$500 million to shower the globe with the gospel of its high-powered system, Xbox.

"The \$500 million is an unprecedented amount of money," GarnerG2 analyst P.J. McNealy said of Microsoft's plan.

"Couple that with Nintendo and the money Sony is spending, then take what all the channel partners are spending, and we are looking at a \$1 billion marketing campaign to sell consoles and software," he said.

Microsoft's primary targets are young, mostly male, "hard-core" gamers: old enough to buy their own video games, but not so old as to have to wear a tie to work everyday. The ads will be unconventional and edgy in tone, and focused more on the games than the box, in hopes of spurring buzz.

A cadre of excited youths, spreading the word of an "awesome" game to their peers is priceless for game software publishers, box makers, and retailers alike.

Many got their first taste in recent months, elbowing their way toward playable standing Xbox kiosks in thousands of retail outlets around the United States before the anticipated Nov. 15 launch of the console.

Up to 20 Xbox games will be available when the console goes on shelves, ranging in theme from football action title "Madden NFL 2002," to outer-space shoot-em-up "Halo." Nintendo expects to have five to seven games for its Nov. 18 GameCube launch and 20 by year end, while Sony says it will have more than 200 by early next year.

"With video games, one of the most compelling things is the hands on, especially with young kids," said independent gaming industry analyst Chris Byrne. "Hands-on works: you can't get it from TV, you can't get it from print."

"That's most important with Microsoft right now because they don't have the brand momentum," he said.

Events like the 48-hour "Xbox Unleashed" event in Los Angeles last week are part of Microsoft's youth-marketing strategy, which includes a Taco Bell giveaway contest and a nationwide truck tour intended to show off the console and develop prelaunch hype.

At "Unleashed," game players, immersed in thumping electronic dance music, sat glued on a small stage, playing the same games over and over in an effort to rack up points and win an Xbox. One player, according to a Microsoft spokesman, flew in from Korea with nothing but a passport, came to the event to play, and then planned to fly home.

No matter the size of the ad budget, success in the gaming arena depends on having compelling games to play. For its part Sony -- the undisputed leader

in the gaming arena whose ``PS2" model has sold more than 5 million consoles -- is banking on games to retain its dominance.

``We are using content to communicate and solidify the PlayStation 2's position in the market," said Sony spokeswoman Molly Smith. ``We have been fortunate that we don't need to use gimmicks to help generate awareness for PS2."

Retailers surveyed in October said they expected PlayStation 2, which launched in November of last year, to be the best-selling video game console this holiday season.

Sony is therefore casting its net at a wider audience, hoping to reel in a group that generally ignores the gaming experience: women. Part of the \$250 million Sony is spending on promotions will be ad campaigns in popular women's magazines such as Elle, Better Homes & Gardens and Shape.

Analysts suggest that while there is little chance girls will stampede into the network of game-mad teen boys, incremental interest could boost Sony's wide lead. What's more, they suggest the ads increase the exposure of Sony's consoles as holiday gifts.

``Buy it for dad. Buy it for your boyfriend -- he wants it much more than a cordless screwdriver," Byrne said.

At \$75 million, Nintendo's GameCube budget is dwarfed by Microsoft, but the company is expected to ship about the same number of boxes -- 1 million -- by year-end. GameCube is expected to benefit from loyalty to brands aimed at adolescents, such as Pokemon and Mario Brothers.

But excitement surrounding GameCube spawns from fans of all ages, thanks to some of Nintendo's carnival-like promotions.

Take for example, 19-year-old Corey Olcsvary of Texas, winner of the ``What would YOU do for a Nintendo GameCube?" contest.

At the contest finals earlier this month, he dressed as a game character -- ``Pikmin" -- by shaving his head, painting himself blue and munching on a bowl of ``Pikmin food" including live worms and crickets.

Olcsvary won the GameCube, a Game Boy Advance, a video game software package and \$5,000.

Then there is runner up Jason Siler, age 26, of Illinois, who proposed to his girlfriend dressed as Nintendo's ``Mario" character while his girlfriend was costumed as ``Princess Peach."

Michael Goodman, analyst at Yankee Group, a unit of Reuters, said that while these antics won't guarantee sales, anything that creates buzz is worthwhile, especially when battling such formidable competition.

``I'm not so sure (gimmicks) will specifically lead to more boxes being sold, but if you don't do it, it could lead to less boxes being sold," he said.

Microsoft has been called a monopoly and worse, but seldom an underdog.

But when the world's largest software company enters the hyper-competitive, fiercely loyal video game market with Thursday's launch of its Xbox game machine, it will do so from a standing start and as a distant third in a \$20 billion industry led by Sony and Nintendo.

Microsoft is spending some \$500 million to hype its powerful new game machine and could lose twice that in the coming years on Xbox in order to stake a claim to the future of consumer electronics beyond the personal computer, analysts said.

The \$299 Xbox, which makes its retail debut in New York City on Thursday, outmuscles rival boxes, with features similar to many laptops that are three times the price, including a 733 MHz Intel Pentium III chip, 64 megabytes of RAM, an 8 gigabyte hard drive and the ability to play DVDs.

Many industry observers see the Xbox evolving into a larger home entertainment device, a strategy Sony has signaled with its year-old PlayStation 2.

'We're about building a cornerstone for our consumer business overall," Microsoft's Chief Xbox Officer Robbie Bach said.

But for the Xbox to live up to that promise, it will have to build a lasting following in the game box industry that Nintendo Co. Ltd. is credited with reviving in 1985 and Sony Corp. emerged to dominate a decade later.

The Xbox -- a stark black box with a green plastic gem bearing the signature logo -- costs as much as Sony's market-dominating PlayStation 2 (PS2) and \$100 more than Nintendo's next-generation offering, the GameCube, which goes on sale in the United States on Sunday.

Given the high stakes for both Microsoft competitors and collaborators, the Xbox has been closely followed during its two-year development cycle.

Some of the initial demonstration units sent out in the last month had problems that Microsoft says are now fixed. Microsoft also backed off from an initial commitment to have between 600,000 to 800,000 units ready to sell by Thursday.

'There will be units in stores (on day one). ... They may not last all day," Bach told Reuters.

Sensing an opening, Nintendo said retailers clamored for an increased shipment of GameCubes for its competing weekend launch.

Microsoft plans to ship at least 100,000 units each week to re-stock stores and plans to ship between 1 million and 1.5 million Xboxes by yearend, he said.

'We feel very good about that number," Bach said.

Analysts and game publishers expect Microsoft to sell out an initial shipment of about 300,000 Xbox consoles on Thursday and say the company has been prudent in its forecasts.

'Microsoft is being very careful in setting expectations," said P.J. McNealy, an analyst at GartnerG2. 'They are really trying to avoid

over-hyping this and under-delivering it. That's one lesson Microsoft seems to have learned from the PS2 launch last year."

Sony launched the PS2 in the United States in November 2000 with less than half the quantities it had originally promised, and had problems meeting demand into spring, leaving gamers empty-handed and frustrated.

Microsoft has said repeatedly it intends to avoid that mistake, limiting pre-orders to keep the Xbox from being over-sold. And while retailers may be nervous about whether Microsoft can deliver, game players apparently are not.

"Nobody's canceling orders," said Michael Wallace, an analyst at UBS Warburg who follows both Microsoft and the video game industry.

Morgan Stanley analyst Mary Meeker said last week Microsoft could lose \$1 billion on Xbox by fiscal 2004 before breaking even and the company has said it will look to make up any losses on the box with high-margin game software.

"I don't think of that as upside or downside, it's just called running a business," Microsoft's Bach said.

Other companies have a stake in the ultimate success of the Xbox. Graphics chip manufacturer NVIDIA Corp., already the leader in that industry, said last week 15 percent of its revenue in the last quarter came from its Xbox chip.

Contract manufacturer Flextronics International Ltd. is building the Xbox for Microsoft, and some analysts have estimated the contract could be worth over \$1 billion a year.

Analysts estimate Flextronics is being paid about \$375 for each Xbox it makes, meaning a \$76 loss for Microsoft at the cash register.

"The better Xbox does, the more money Microsoft will lose...because they're losing money on every unit they sell," said Art Russell, an analyst at Edward Jones and Co.

But with \$36 billion in the bank, Microsoft has staying power, he said.

"I think Microsoft is here to stay in the video game industry and I think people better get used to it," he said.

#### Bill Gates Touts Xbox at Launch

Microsoft revved up its publicity machine to unveil the Xbox Thursday, whetting the public's appetite for the new device amid what may be the fiercest competition for the home video game market in years.

Within the confines of Toys R Us' flagship store in Times Square early Thursday, company chairman Bill Gates touted the Xbox as a gamer's dream.

"We were going out and talking to the gamers about what they want," Gates said, to a roomful of buyers who waited in line - some all night - to be the first to get their hands on one of the 1,000 consoles shipped to the

store, which doesn't officially open until Saturday.

Jimmy Keethe, a teen-ager from Cliffside, N.J., said the Xbox is what he wants.

"It's got great graphics. You can actually see the football players sweat," he said, referring to "NFL Fever 2002," which is one of 15 games available for the Xbox.

Gates said as many as 30 games will be available for the holiday season, but conceded the demand for the consoles may outpace the supply.

"Tonight we think we brought a lot of Xboxes here and tonight is probably the only night for a long, long time where everyone can get an Xbox," he said.

Microsoft expects to make and sell 1.5 million consoles by the end of the year, but Gates said "we expect to be in pretty short supply" because of consumer demand.

The \$299 console, which is the only one with a built-in hard drive and a plug for high-speed Internet access, went on sale Thursday morning at 10,000 retailers nationwide.

Xbox will be battling it out this holiday with Nintendo's \$199 GameCube, which is due out in stores on Sunday. The hot entries, their near simultaneous launch a first for the \$20 billion video game industry, enter a free-for-all competition with the reigning leader Sony's Corp.'s year-old PlayStation2, which also retails for \$199.

#### Nintendo GameCube Set to Enter Console War

At first glance, GameCube looks like a kid's lunch box, complete with handle and plastic cover of purple and gray. But Nintendo, Goliath of the hand-held electronic game business, is hoping its new high-powered 4.5-inch-high console unit will put the bite on Sony's PlayStation 2 and Microsoft's Xbox.

After sampling a few games on GameCube, it's clear that the product is going to be a worthy contender during this holiday season and beyond. But along with its nice features, The Cube has some serious limitations.

Not surprisingly, the graphics are great, a huge improvement over Nintendo 64. But is it better than PlayStation 2? Not appreciably. On rare occasions, the scenery in some PS-2 games shimmers inappropriately. You can see the same shimmering with some GameCube graphics.

GameCube's big advantage is price: \$200 compared to \$300 for Xbox and PlayStation 2. (At \$50 each, the software will cost the same as PS-2 and Xbox titles.) GameCube is also more compact than the other systems, measuring about six inches by six inches by 4.5 inches.

There are a few notable drawbacks. Although GameCube looks large enough to handle standard 4.5-inch CDs, it's not. Instead, the games fit on bite-sized 3-inch-wide DVD disks unique to the system. That means you can't play CDs and you can't play movies, as you can on PS-2 or Xbox.

So much for versatility.

The handle is simply odd. How many people are going to cart GameCube around with them? Nintendo also made the seemingly-pointless decision to design GameCube so a GameBoy Advance unit can be used as one of the controllers. The GameCube controller has a nifty design and the GameBoy Advance controls are nothing to brag about. Given what you'd spend for an adapter (which is not yet available), it's probably worthwhile to simply invest \$35 to buy an extra controller.

But the secret to winning this three-way console war is going to be the software, not the hardware.

On this battlefield, the raw numbers suggest that GameCube is at a disadvantage. Nintendo is only promising to have seven titles available at launch, with only about a dozen in stores by month's end. Microsoft, in contrast, says at least 15 games will be on the shelves for its Nov. 15 release and another 14 or so should be available by Nov. 30. (To put this in perspective, the PS-2 has 38 titles being released this month, with more than twice as many already on the shelves.)

The low number of GameCube games seems surprising when Nintendo has bragged about the relative ease of designing GameCube software.

On the other hand, the company that gave us Mario, Donkey Kong and Zelda has a history of creating must-have titles that are married to its gaming systems, particularly titles that appeal to younger children. If the new Nintendo title ''Luigi's Mansion" is typical of what players can expect from GameCube, it might give the other consoles a run for their money.

''Luigi's Mansion" is a delight, a three-dimension Mario Brothers title with superior graphics and a spry sense of fun. At the beginning of the game, Luigi has won a mansion in a contest he doesn't remember entering. When he arrives, he discovers that the place is filled with ghosts. Before they can attack him, he's saved by an odd Japanese scientist with big glasses, a single tooth, and a huge tuft of hair. He equips Luigi with the Poltergust 3000, a vacuum cleaner that sucks up ghosts.

Watching Luigi tiptoe around the mansion, tremble whenever a ghost is near, and run like he's got a diaper that needs changing is a hoot. Even the process of collecting the ghosts with the Poltergust is like watching good slapstick.

As glorious as the graphics are, ''Luigi's Mansion" has its own design flaws. Collecting the ghosts can be tricky and, unfortunately, the tutorial isn't very instructive, filled with too much talk and too little opportunity to practice. Also, there was one point in the game where I had to push several buttons almost simultaneously, all on the right side of the controller. The result is some weird contortions that seem out of place when Nintendo is bragging about the ergonomic ease of the controller.

Other titles being released at the same time as the debut include the jet ski racing game ''Wave Race: Blue Storm," "Batman Vengeance," ''All-Star Baseball 2002," ''Disney's Tarzan Untamed," ''NHL Hitz 2002," and ''Dave Mirra Freestyle BMX2."

The biggest question in the first phase of the console war: will there be enough machines to go around?

Nintendo says it will have 700,000 GameCube units on store shelves on

Sunday, Nov. 18 when the system debuts, with another 400,000 units promised by Christmas. Microsoft, which begins selling Xbox on Thursday, Nov. 15, won't say how many units it has ready, although the company is promising that 1.2 million to 1.5 million will be available by Dec. 25.

Last year, the PS-2 was the gift everybody wanted and nobody could get. If Nintendo and Microsoft face similar shortages this season, the big winner could be the PS-2, as desperate parents search for an acceptable substitute.

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A-ONE's Headline News  
The Latest in Computer Technology News  
Compiled by: Dana P. Jacobson

Online Privacy Expert Shifts Focus to Security

Richard M. Smith, a vocal authority on data privacy, is turning his attention to studying whether the public is sufficiently secure.

As perhaps the nation's most vocal authority on data privacy, Richard M. Smith spent the last two years trying to keep Americans' personal information private from corporate intrusions. But seeing bigger threats, he is now turning his attention to studying whether the public is sufficiently secure.

Mr. Smith resigned earlier this month as the chief technology officer for the nonprofit Privacy Foundation in Denver. In light of the terrorist attacks on the United States, Mr. Smith said he was compelled to focus on technology related to "homeland security" issues, like facial scanning and electronic ID cards.

"Privacy is an important thing, but now people are concerned about their safety and about security, so those have moved up in priority," he said. "I guess I'm being a bit opportunistic," he added.

In his first big case in his new role, he worked with the American Civil Liberties Union to test facial scanning technology that many of the nation's airports are now considering deploying.

Along with the A.C.L.U., Mr. Smith presented findings last week at Logan Airport in Boston, showing that the devices were largely ineffective in identifying terrorists though they might be helpful in making identifications from a smaller pool of local criminals as they try to flee by boarding planes.

He said he expected future customers would be similar private organizations as well as government agencies.

A former software entrepreneur, Mr. Smith is credited with uncovering dozens of incidents in which high technology companies were trying to breach consumers' privacy by secretly tracking online movements.



Last year, for example, he brought attention to the growth in the use of "Web bugs," tiny software programs that allow Web companies to conduct online surveillance of their customers.

Before joining the Privacy Foundation 14 months ago, he spent 13 years running Phar Lap Software, a software development tools company in Boston.

Mr. Smith, who is based in Boston, is advertising his new consulting company on his Web site, ComputerBytesMan.com, where he will publish his research. "I've always been interested in computer-bites-man stories," he said.

### How Computer Worms Work - and Why They Never Die

Although their names are not necessarily in the latest headlines, security bulletins or virus alerts, old computer worms such as Magistr, Sircam and, more recently, Nimda, continue to stay atop the threat lists of many anti-virus firms.

Anti-virus experts say that while these worms may be outpaced by advancing technology and security, they continue to plague corporate, government and home computer systems, infecting little by little and popping back up when left to their own devices.

"Worms are designed to be out there as long as they can be," Network Associates' McAfee AVERT senior director Vincent Gullotto told NewsFactor Network. "These [Magistr and Sircam] just kind of move like worms are supposed to move -- a little bit here, a little bit there. The ultimate success is how long they can stay out there."

Experts agreed that successful worms are the ones that stay in circulation, re-infecting enterprise networks and nickel-and-diming home users via social engineering -- a mechanism that tricks users into activating a virus by clicking on a picture, attachment or other file.

The FunLove virus, originally discovered in the fall of 1998, is an example of an enduring computer worm, according to experts.

"It's still one of our top submissions today," Symantec Security Response senior director Vincent Weafer told NewsFactor.

Weafer and Gullotto both said that the main reason for the long life of viruses is a lack of updated anti-virus protection by system administrators and computer users. The two also agreed that no matter how good a single security setup is, the Internet makes it dependent on other users and their security.

"Users don't update," said McAfee AVERT's Gullotto. "Other than that, these are what we consider to be great successors," he added, referring to virus writers' tendency to build on previous worms.

Gullotto recalled a recent anti-virus customer dogged by re-infection by the FunLove and Nimda viruses, saying that the reality of staying protected often means that older, less significant threats are somewhat underestimated.

"In security, when something hits big-time, you get the majority of the mess cleaned up but you don't necessarily have the opportunity to do the follow-up, and it gets overlooked or missed and you have a situation," he said.

Weafer said that many enterprise-level networks are built with a tough, shell-like exterior using firewalls and other security measures, but the "soft interior" permits worms to wriggle unchecked.

"It's not about detection, it's about containment and eradication," Weafer said. "Sometimes in an organization, the rate of re-infection is so low, they won't go through the steps of eradicating it completely.

"It is an underestimated threat," Weafer added. "From our evidence, there is still a very high degree of transmission [of old viruses]. There's not a lot of attention, not a lot of bulletins or awareness of existing threats."

The experts told NewsFactor that worms and other viruses can be left behind by technology, which changes protocols, platforms and other features used by the malicious code.

"As technology moves on, that's when the worm is trapped because it can't work," Weafer said. "It's no longer in the wild when the applications [it uses] are no longer available or it's relying on a vulnerability that is safeguarded in a new service product."

However, Gullotto said the death of a computer virus may only occur in one part of the world or the Internet, adding that old worms often find new life somewhere else.

"Eventually, they do die in certain regions, but in the migration of technology, some region, some sector, will be left behind," he said.

Gullotto said updated anti-virus protection is still the best weapon against computer worms, whether new or old, because the heuristics of the latest security software use "generic identification" covering a range of viruses and variants.

Weafer said "network factors" of threats such as Nimda, which attacked PCs and systems on several different levels, require a new approach.

"It's not a simple threat anymore," he said. "These threats go beyond a single point of delivery. We need to go beyond point-product and point-tier solutions. The new reality, like with Nimda, is it's going to have multiple vectors of delivery and it will require different tools and policies within the entire organization."

#### Give Viruses The Heave-ho! Here's How

Merely owning antivirus software is not enough to protect your PC from infection. The software requires a certain amount of care and feeding beyond the initial purchase. Fortunately, a few minutes of prevention can prevent hours of frustration during a real attack.

Installing antivirus software on your PC is the first step to safeguarding yourself from all the viruses out there. A good firewall can also help, by

alerting you to some of the viruses, worms, and Trojan horses active on the Internet. Probably the best approach is to use both an antivirus program and a firewall. Today, I'll help you get the most out of your antivirus software, then in next week's column I'll discuss consumer-grade firewalls.

When you purchase antivirus software, either in the store or online, it usually comes with a set of virus signatures--unique code that distinguishes one virus from another--that immediately go out of date. New viruses are created and discovered almost every day. That's why you should download the most recent signature files when you install your antivirus program (most products do this automatically).

In order to stay protected, you must update your software whenever a new virus appears or, better yet, on a regular schedule (say weekly or biweekly). Antivirus software companies post the latest signatures, or .dat files, on their sites. Most also let you automatically update your software whenever you log onto to the Internet.

So updating your antivirus software and running it before an infection hits should be enough to detect and remove a virus that is not active in memory, right? Not always, says Steven Sundermeier, product manager for antivirus software maker Central Command.

Some antivirus updates only identify viruses--they don't get rid of them--while others both identify and remove them. Why? Well, sometimes the update can't remove a virus. Most antivirus programs can identify a virus stored within, for example, an e-mail database, but cannot remove the virus until it is acted upon by previewing or opening an e-mail.

Another time you cannot remove a virus: when using Windows Me and the infected file resides within the "\_Restore" directory. Because Microsoft's System Restore utility does not allow files stored in the directory to be manipulated, you will have to work around this problem. (Microsoft offers a solution to this problem on its site.)

Still, despite your precautions, say the unthinkable happens: your computer becomes infected with a virus and you send a lethal virus to everyone who's ever e-mailed you in your life. What next?

I asked the expert, Sundermeier, whether downloading an updated antivirus signature file after being infected does any good. He said no, the virus would most likely block access to the infected files. Also, removing an active virus from memory can make the Windows system unstable. Some worms, such as MTX, are even smart enough to block Internet access to antivirus sites.

Antivirus vendors have started releasing removal tools for specific, big-time viruses. These tools do more than simply disinfect the machine; they're designed to undo the damage. Sundermeier predicts companies will continue to offer these fixes.

Short of a custom-removal tool, however, the way to remove an active infection is to boot from a clean operating system disk or gain access to the Windows Recovery Console (Microsoft explains how to do this on its site) and run a command-line antivirus scanner. Because viruses and worms entangle themselves in the Windows operating system, you must work outside the infected operating system to remove them. Another way to remove a virus is to reformat your hard drive and reinstall the operating system.

I should note that none of these removal techniques should be attempted without first backing up the data on your system. In theory, regular backups can mitigate the damage caused by active viruses. In practice, however, backups are somewhat of a pain.

Say, for example, you perform a complete backup every Sunday, then only do partial backups (in other words, backup only those files that changed) Monday through Saturday. Should you lose your data on Thursday, you'll have to load Sunday's backup, plus the changes made on Monday, Tuesday, and Wednesday.

On the other hand, losing your data is worse. Actually, I think the worst scenario is believing you have a backup only to discover the process has failed. As a rule, the more complete backups you have on hand, the better off you are.

### Opera Releases New Windows Beta

Opera Software moved Tuesday to catch up to Microsoft and Netscape on the international scene with a test launch of its new browser.

Announced Tuesday at Comdex Fall 2001, the test, or "beta," version of Opera 6.0 for Microsoft's Windows operating system brings Opera up to speed with heavyweight competitors Microsoft and Netscape by allowing people to read Web pages written in non-Roman alphabets, including Chinese and Japanese.

"What we're seeing is that the international market is getting bigger and bigger," said Jon S. von Tetzchner, chief executive of the Oslo, Norway-based company. "To an extent, English was the ruling language on the Internet for a very long time, but it's less so now. What we definitely will be seeing are more and more users from China, from all the Asian countries, and this applies to Eastern Europe as well. We see this as a possibility to get into those markets."

The new browser version comes as Opera has enjoyed a burst of publicity courtesy of rival Microsoft, which launched a new version of its MSN Web portal last month that briefly locked out non-Microsoft browsers. Although Microsoft's own Internet Explorer easily accessed MSN pages, other browsers--such as Opera, Mozilla, Amaya and some versions of Netscape--received error messages and recommended that people "upgrade" to Internet Explorer.

Microsoft has since moved to fix the error but not before the gaffe threw a media spotlight on rival browsers.

Industry analysts downplayed the significance of the 6.0 beta release, noting that the company's bigger ambitions lay in providing browsers to smaller devices than the PC.

Although Netscape's small browser efforts have stumbled with repeated delays, and Microsoft's have met with resistance from operating system competitors, Opera has been moving aggressively to establish itself as the browser vender of choice for small devices.

This summer, the U.K.-based mobile software unit of Psion selected Opera as the browser for its handsets. That agreement came shortly after Opera

took the wraps off its deal to supply IBM with small browsers. Before that, Opera released a browser for Symbian's EPOC operating system for next-generation cell phones and other mobile Internet access devices.

"With the PC browsers, Opera is more there to establish a name in the industry. It's not going to be an important revenue source in the future," said Jon Mosberg, equity analyst at the Oslo branch of Stockholm, Sweden-based Enskilba Securities. "The greatest potential is in the mobile Internet...Symbian doesn't want Microsoft to be the supplier of their browser because it could dictate the terms of using the software. That opens up an opportunity for a company that has a browser that runs well on the new devices."

At the technical heart of Opera's internationalization effort is its adoption of the Unicode Worldwide Character Set, a widely supported standard for expressing letters and other characters on computers. Opera's support for Unicode came late because of the challenge of integrating it with Windows 95, Tetzchner said.

Opera is still hammering out its support for Arabic. Coming "as soon as possible" are browser interfaces written in non-English languages.

Also lagging behind Opera's new browser for Windows are its counterparts for the Linux and Macintosh operating systems. Opera has yet to finalize its version 5.0 browser for the Mac. But the company promised a 6.0 beta for Linux "fairly quickly."

Tetzchner said the Opera 6.0 beta was faster, used memory more efficiently, and had incremental improvements in its support for standards promulgated by the World Wide Web Consortium (W3C).

The company has followed Netscape and Microsoft with new options for displaying windows, including a choice between single and multiple document interfaces, and a persistent bar for bookmarks and search. With the 6.0 beta, people can run multiple copies of Opera simultaneously, preserving different sets of e-mail, bookmarks and other preferences.

E-mail changes include the ability to import e-mail from Microsoft Outlook accounts and support for TLS (Transport Layer Security) for POP and SMTP accounts. TLS is a security protocol under development by the Internet Engineering Task Force.

The browser also comes with a new default user interface.

In a feature reminiscent of information-gathering applications such as Atomica, Opera 6.0 offers Hotclick, which lets people select a word and pull down a definition or translation without leaving the page. To provide encyclopedia and translation content, Opera has formed a partnership with Terra Lycos. Other partners with Hotclick include search engine Google and e-commerce Web site Amazon.com.

Although Opera has enjoyed a loyal following among the Web cognoscenti, and particularly those with animosity toward Microsoft, the Norwegian browser has lagged far behind in distribution, partly because it persisted in charging for the browser long after Microsoft and Netscape opted to give theirs away.

Nearly a year ago, Opera began offering a free version of the browser that comes with advertising. Ad-free Opera costs \$39.

That experiment has proved successful, Tetzchner said.

"Revenues have increased, so it's working," he said. "People see that it's free, so more people use it. Then a number of those people want to get rid of the ads, or they just want to support us to make sure we are around."

Paying users of Opera 5.x for Windows get a free upgrade to the 6.0 beta. Paid users of Opera 4.x get a discount of about half off the \$39 fee.

Opera is planning to release the final 6.0 Windows browser by Christmas.

## U.S. Defends Microsoft Settlement, Rejects Penalties

The U.S. Justice Department on Thursday rejected several proposed penalties for Microsoft Corp. in its antitrust case against the software giant.

The penalties would have forced the Redmond, Washington-based company to disclose hidden information about its Windows software, possibly sell a version of Windows without built-in Internet browser, e-mail or instant messaging software, and distribute competitors' products.

The government instead defended its Microsoft proposed settlement in a 68-page "impact statement" court filing regarding the compromise settlement it negotiated between Microsoft and nine of the 18 states.

In the filing, the Justice Department pledged that if the judge were to approve the settlement, the penalties would "eliminate" illegal practices by Microsoft and prevent such practices in the future, as well as restore competition in the marketplace.

The government also explained that Microsoft must disclose certain anti-piracy technology in its Windows XP operating system, and could not use a security exemption in the settlement as a way to shield software secrets. It promised strict enforcement of these rules, and criminal penalties if Microsoft violated the agreement.

Microsoft chairman and chief software architect Bill Gates said in a statement last week regarding the case that the company is determined to make the settlement a "success."

"We are committed to becoming a better industry leader, and we will continue to deliver new innovations to revitalize the economy and improve people's lives," Gates said.

Nine states remain unconvinced the proposed settlement would spur fair competition and properly penalize the software maker, and are preparing evidence for a case against the settlement.

Bob Brammer, a spokesman for Iowa Attorney General Tom Miller, told NewsFactor Network that Iowa intends to proceed with its case, as Miller is "concerned the language in the settlement agreement reached by the other parties may undermine the effectiveness of the main provisions of the settlement."

Citing original equipment manufacturers (OEMs), middleware providers and the server provisions, Brammer described Miller's position as wanting to

assure "the language does what it purports to do by assuring fair competition in the technology sector."

Connecticut Attorney General Richard Blumenthal told news sources Thursday that he is "leaning strongly" toward joining the case and will know by sometime next week. California Attorney General Bill Lockyer also told news sources he intends to join the group.

According to published reports, Microsoft extended an offer Thursday to the nine remaining states still wavering on the decision with the settlement, saying that the company would pay all attorney and litigation fees incurred by the antitrust suit if the states agreed to the proposed settlement. They have 10 days to make their decision.

States involved in the lawsuit have spent nearly \$15 million on legal fees since the Microsoft case began in 1998.

U.S. District Judge Colleen Kollar-Kotelly, who must approve the eventual settlement, set a tentative hearing for February.

So that the public can comment as well, the Justice Department also set up an e-mail address that will be available for 60 days where consumer and businesses could send their input on the case: [microsoft.atr@usdoj.gov](mailto:microsoft.atr@usdoj.gov).

#### HP Says Compaq Merger Will Occur

Hewlett-Packard Co. Chief Executive Carly Fiorina said on Wednesday she is convinced shareholders will approve the planned \$23.5 billion merger with Compaq Computer Corp., despite opposition from members of the Hewlett and Packard families.

"We remain convinced it is in the best interests of shareholders. We remain convinced this merger will occur," Fiorina said in a conference call. "Despite the actions by some individuals, I think it's way too early to conclude that this merger will not occur."

Last week, members of both the Hewlett and Packard families said they planned to vote against the merger, which was announced on Sept. 4. That touched off speculation the deal won't get the needed shareholder approval.

But Fiorina said that the merger process is not yet even half-way through, noting the company has yet to file its proxy and that it needs regulatory approval. Institutional investors will look at both, she said.

"Most institutions are looking at both the (proxy) and regulatory progress over the next several weeks and months to make their decisions," she said.

In addition, Fiorina said that Hewlett-Packard executives have been meeting with and will continue to meet with the David and Lucile Packard Foundation, which owns more than 10 percent of Hewlett-Packard.

The foundation remained on the sidelines last week, when Hewlett member families, who have more than 5 percent of the company, and David Packard, son of the company's co-founder and who has about a 1 percent share, said they would vote against the merger.

The foundation probably will not decide how to vote until December or

January, Fiorina said.

''We have been interacting with the Packard foundation in the same way we are interacting with institutional investors. We have met with them and we have met with other investors and we will continue to meet with them, just as we do with other investors," she said.

Fiorina also said that during the third quarter, revenues in the consumer sector fell 20 percent from a year earlier and were up more than 20 percent from the previous quarter, in line with seasonal patterns.

Revenues in the enterprise sector, which includes corporations, declined by 21 percent from the year-earlier period and were basically flat from the previous quarter.

''Companies continue to be cautious about IT spending," Fiorina said.

#### Walter Hewlett Undecided on Proxy Fight

Walter Hewlett, the son of the co-founder of Hewlett-Packard Co., has not yet decided whether to solicit votes against the company's proposed acquisition of Compaq Computer Corp., a spokesman for Hewlett said on Friday, but a regulatory filing indicated just the opposite.

Hewlett and his family members control more than 5 percent of Hewlett-Packard, and last week they said they would vote against the merger. They also hired proxy-solicitation firm McKenzie Partners Inc., which typically indicates a battle for shareholder votes is in the works.

On Friday, Hewlett filed with the Securities and Exchange Commission a copy of a third-party presentation that he and the William R. Hewlett Revocable Trust received regarding the merger. As part of the filing, Hewlett said he intended to file a shareholder proxy to solicit votes.

A spokesman, however, said Hewlett in fact had not yet decided whether to solicit votes.

''He's keeping all his options open for the moment," the spokesman said.

On Wednesday, Hewlett-Packard reported better-than-expected earnings per share. In addition to boosting its stock price, the news has increased confidence among some analysts and investors that the Compaq deal will go through.

The proposed stock-swap transaction, announced in September, is valued at \$23.7 billion.

#### Senate Approves Internet Tax Ban Extension

On Thursday, the U.S. Senate passed HR 1552, the Internet Nondiscrimination Act (INDA), extending the ban on new Internet taxes for another two years. The original ban expired on October 21st.

The U.S. House of Representatives already had passed matching legislation



last month. President Bush, who has expressed support for the bill, will sign it into law, according to White House sources.

But an amendment to the bill that would have allowed state and local taxing agencies to begin collecting sales tax on items purchased online once a minimum of 20 states had agreed on its provisions lost by a 57-to-43 vote.

The renewed extension is significant mostly because it will prevent states from taxing the fees consumers pay Internet service providers (ISPs) to obtain Internet access.

Jeremy Sharrard, an online taxation analyst for Forrester Research, told NewsFactor Network that everyone seems reasonably satisfied with this provision.

"I don't think anyone wants to tax Internet access," Sharrard told NewsFactor. "Congress wants to ensure that states don't get desperate in a down economy and, faced with a revenue shortfall, attempt to levy taxes" on ISPs.

Although the sales tax provision was not passed, the issue will by no means disappear, Sharrard said.

Those supporting collection of online sales taxes "must be heartened that 43 senators voted for the provision," Sharrard said. When the states return in two years, ideally with a simplification of the sales tax structure and with the technology needed to relieve the burden of collecting and remitting sales tax, they are likely to face a more sympathetic Congress.

Sharrard explained that it makes sense that Congress would not want to revisit that issue for another two years, because that gives ample time for tax authorities to come up with feasible solutions. A two-year delay also will give legislators the ability to concentrate on the issue during a non-election year.

Senators opposed to the sales tax amendment seemed concerned mainly about guaranteeing that state and local tax rates will achieve a reasonable degree of uniformity.

Presently, there are more than 7,500 taxing jurisdictions in the United States, a level of complexity that online retailers have said would be difficult if not impossible to deal with.

Analyst Sharrard said that over the next two years, state and local agencies will roll out the next wave of standardization that will enable revenue collectors to perform taxation duties in a cost-efficient manner. During that time, administrators will be working with tax collectors and remittance technology vendors to set up the means to collect and remit taxes.

According to news sources, the states lost nearly US\$26 billion in uncollected online tax revenue in 2000.

"They've got their work cut out for them, and they're not going to be bored," said Sharrard. "And frankly, they're baffled that the rest of the world cares as much as they do."

## Selling A New Net Tax System

Wyoming Senator Michael Enzi says if sales on the Internet remain untaxed, other forms of taxes, such as property or income taxes, may then have to be increased. Do we really want that?

COMMENTARY-- Anyone with access to a computer and a modem has noticed the increase in the use of the Web to promote the purchase of books, CDs and other consumer goods.

An entire industry has emerged online, and consumers are using the Web to surf for the best deals on an endless number of items. The Internet has become an everyday part of our lives and, as an avid computer user, I think we should do everything we possibly can to help e-commerce continue to grow.

Unfortunately, with changes in consumer buying trends has come the danger of reduced sales-tax revenues to the states, cities and towns who have come to rely on them for the provision of needed services, including the money that is used to pay the salaries of our teachers, police and fire fighters. For them, the Internet is a sales-tax loophole that is threatening to reduce our local governments' ability to provide the services we have come to rely on.

If present trends continue, and sales on the Internet remain untaxed, revenues will continue to decline. Other forms of taxes, such as property or income taxes, may then have to be increased to offset these lost revenues. In addition, those states that do not have a state income tax may be forced to initiate one to address this growing problem.

In response, I introduced the Internet Tax Moratorium and Equity Act (S. 1567) on Oct. 18 and have been working to move the legislation through Congress. This new bill will make permanent the existing moratorium on Internet access taxes, and it will extend the moratorium on multiple and discriminatory taxes for an additional four years through Dec. 31, 2005. That extension would allow states and localities the time they need to develop a streamlined sales- and use-tax system, which would include a single, blended tax rate for each separate state and make it easier for remote sellers to implement and understand the new system. My bill would also encourage states to enter into an Interstate Sales and Use Tax Compact through which members would adopt this streamlined system.

There are some who do not fully understand my proposal, and misinformation about the bill has found its way into the media.

My bill would not tax the Internet. It would not impose a tax. The only direct statutory change would be the prohibition of taxes on access charges for the use of the Internet.

In addition, the bill would not create a new tax. Retailers throughout the nation collect sales taxes every day that are remitted to municipalities and states. It also would not require remote sales to be taxed. The bill would encourage, but not require, states to set up a simple, fair system in order to tax remote sales, but only if the state decides to participate in that system. It is not a mandate for increased taxes.

Another misconception about this legislation is that it would detract from e-commerce. It would actually promote the use of Internet commerce by

placing a permanent ban on taxes for accessing the Internet. Start-ups will not be discouraged by the enactment of this bill. In any state, no business with gross sales of less than \$5 million would have to comply with this law.

Three years ago, Congress passed a moratorium barring states from taxing Internet access to give it time to work out a solution that would be fair to state and local governments and businesses. Since the moratorium took effect, few hearings have been held and no bill has passed a Senate committee. Working with a diverse bipartisan group of senators, S. 1567 was introduced to give states some encouragement to level out their declining sales-tax revenue problem, which was created by the use of the Internet as a tax loophole.

This effort aims to provide federal, state and community leaders with the flexibility they need to generate the revenue that is necessary to continue to provide us with the services we depend on--like better schools and increased law-enforcement protection.

Michael Enzi is a United States Senator from Wyoming.

#### Survey Finds Few Pay for Once Free Web Sites

Some of America's favorite Web sites have begun charging fees as a result of the dot-com shake-out, but few people have been willing pay so far, according to a survey released on Wednesday.

About 17 percent of Internet users surveyed have been asked to pay to access Web sites they used to see for free, according to a study by the Pew Internet & American Life Project.

Of those, however, only 12 percent have agreed to pay for access. The rest decide to stop getting that content or service from an online source, the Pew study says.

Pew researchers estimated that the growth of the Web has slowed from 700,000 new sites a year before 2001 to about 200,000 new sites.

The survey was a follow-up to one published by Pew in March, which found that most Americans attributed the dot-com problems to either "greed" or "cluelessness."

Pew found that the dot-com failures, which include companies such as The Standard.com, Biztravel.com and Petstore.com, have now begun to affect the "Internet experience" of millions of Americans.

A growing number of the people Pew surveyed -- 34 percent -- believe the dot-coms' financial problems will have a major impact on the overall U.S. economy.

Twenty-six percent said they either knew someone who has been laid off by an Internet company or have lost money in their family by investing in a dot-com.

At the same time, the survey found that Americans have quickly adjusted to the dot-coms' financial problems and still manage to get the content and services they like without paying extra for them.

In fact, 48 percent of those surveyed said the disappearance of some Web sites was a good thing because ``there were too many Web sites that had too little to offer."

The survey was conducted between Aug. 13 and Sept. 10 -- the day before hijacked jetliner attacks in New York and Washington, D.C.

#### Study: Americans Feel Dot-Com Pain - but Still Won't Pay

There are clear indications that while Americans are taking the dot-com meltdown seriously, their compassion does not translate into a willingness to pay for formerly free Web sites, according to a new study.

The financial woes of the dot-com world and their effects on online life are causing U.S. Internet users to make changes in their online usage patterns, but the vast majority are "making quick adjustments to get the Web services and content they like without paying extra money," according to the study released Wednesday by the Pew Internet and American Life Project.

About 19 million people have been asked to pay to use Web sites that were once free, the study said. Of that total, half found a free alternative. Only 12 percent decided to pay, and the rest simply decided to do without.

The survey also revealed that 48 percent of the 2,246 respondents -- 1,351 of whom were Internet users -- said they believed having some Internet companies go out of business would be a good thing, as there were too many sites offering too little.

While that is nearly half the surveyed population, it is down from the 57 percent who felt that way when the question was asked in February.

In addition, 34 percent of those surveyed said they believed the financial problems of the dot-coms would have a major impact on the U.S. economy, up from 26 percent in February.

The higher level of concern is most likely a result of the spreading effect of the high-tech woes -- more people have been touched personally. More Americans -- 12 percent as opposed to seven percent in February -- said they or someone in their family had lost money investing in dot-coms, and more said they knew someone who had been laid off.

"In the beginning, there was this jealousy of these 22 year-old dot-com millionaires who were popping up everywhere," Pew analyst Tom Spooner told NewsFactor Network.

"Every issue of Business Week magazine had another 22-year-old, dot-com millionaire. Venture capitalists were just throwing money at them as long as they said 'dot-com.' Now, more and more businesses are closing. When it becomes more personalized, you don't gloat as much," Spooner said.

Most Americans still blame "greedy investors" for the industry's problems, the report said.

Free versus paid models have caused considerable hard feelings as Internet companies try to cope with dwindling advertising revenue and users try to

hold on to their money. Most consumers feel the fee they pay their Internet service providers is all they should pay. But still, a multitude of companies have tried to charge customers for content or services that were once free, with varying degrees of success.

Variety.com, Salon.com and Britannica.com are examples of publishers that have tried subscription models. Despite the fact that market research firm Jupiter Media Metrix reported 69 percent of users said they would not pay for content, 78 percent of publishing executives surveyed said they planned to go to at least a partial paid subscription model by 2003. Some publications now charge for "premium" news.

FreeEdgar, which once dispensed U.S. Securities and Exchange Commission information for free, moved to a paid service, and Internet phone companies have started charging. Yahoo! caused hard feelings among some customers when it began charging for its auction services.

The study revealed that more than 13 million people reported a favorite Web site had gone out of business, and close to two-thirds found other sites that could give them the same information or services. That is a 50 percent increase from the February data, when only 8 percent said they had lost a favorite Web page.

More than nine times as many dot-coms shut down in the first half of 2001 compared to 2000 -- 330 as opposed to 36 -- but the rate of closures seems to have leveled off since, the study said.

The number of Web sites continues to grow, but at a much slower pace than in the late 1990s. The "public" Web increased by about 700,000 sites each year between 1997 and 2000, but only by about 200,000 from 2000 to 2001, according to the Online Computer Library Center. The center said there are now approximately 8.7 million Web sites worldwide.

### Whatever Happened to Dot-Com Stunts?

Does anybody remember the DotComGuy? How about IUMA? Or even the e-Cavemen?

Last year, the Net was inundated with publicity stunts and name games aimed at driving Net-weary consumers online.

Have a new Web site to publicize? Sponsor a baby-naming contest, like IUMA.com did, paying new parents a few thousand bucks to name their new son or daughter after a dot-com.

Tired of working 9 to 5? Lock yourself in your house for a year, living solely off the Internet and watch the corporate sponsorships roll in -- or not -- in the fashion of DotComGuy.

It seemed like there would be no end to the creativity and scope of the e-commerce publicity stunts. But take a look throughout the dot-com landscape today and the only stunts you will find are companies managing to survive online with making a profit.

What happened? Were these stunts victims of the overall economic downturn? Or were they inherently flawed? Both, say analysts.

"Public enthusiasm for the more gimmicky aspect of the Internet has gone way down for obvious reasons," IDC analyst Malcolm Maclachlan told the E-Commerce Times. "A lot of people have lost a lot of money. We're past the point where just attaching the word Internet to something makes it cool."

In addition, most of the dot-com stunts were performed by pure plays, which are now virtually extinct, said Yankee Group analyst Paul Ritter.

"The era of the dot-com stunt is over and it should be over," Ritter told the E-Commerce Times. "There is a correlation in peoples' minds that dot-com stunts are associated with dot-com failures. Pure play e-tailers particularly are a dying breed."

Moreover, dot-com stunts were based on what is now considered the taboo of e-commerce: brand advertising overkill.

"The stunts were merely a reflection of the attempts to gain brand exposure, and not about brand building," said Ritter.

Maclachlan believes that the decline of dot-com stunts is also related to an important lesson for Internet retailers that took some time to become clear.

"[The Internet] has shown itself to be more gimmick-proof than one-way mediums like TV or radio," Maclachlan said. "People searching the Net have greater consumer choice, and something without style or substance consumers are less likely to bother with and it's less likely to work now."

But did dot-com publicity stunts work in the first place?

"With 20/20 hindsight, I don't think they worked," Ritter said. "As someone who covers the online retail industry for a living, I don't know what the benefits of the DotComGuy were for any particular company. Even the Pets.com puppet didn't work."

Even if they did serve a purpose a year and a half ago, the stunts would serve no real purpose now, said Maclachlan.

"Did they work in beginning? Absolutely," Maclachlan said. "Any little stunt was probably worthwhile. But they can't work today because there's less people trying to launch companies now, and it's impossible to get financing."

Of course, that does not mean companies still might not try a stunt or two in the future.

"In many cases it's not too expensive to try and do these kinds of stunts, which is why in some cases they were done in the first place," Ritter said. "They probably will be tried again, but I don't think with any significant or lasting impact."

As for those who still harbor dreams of becoming the next household Internet name, Maclachlan had the following advice:

"Calling yourself DotComGuy is probably a good way to get beat up on the street these days."

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